

WEST VIRGINIA INFORMATIONAL LETTER

NO. 45

November, 1987

[SUPERSEDED BY INFORMATIONAL LETTER 45-A]

TO: ALL COMPANIES LICENSED TO WRITE PROPERTY AND CASUALTY  
INSURANCE IN WEST VIRGINIA

RE: DISAPPROVAL OF POLICIES BY LIENHOLDERS DUE TO LACK OF A.M. BEST  
RATING  
§33-11-5(b)(2) OF THE WEST VIRGINIA CODE

It has come to our attention that certain lienholders disapprove policies underwritten by insurers who are not rated by A. M. Best and Company.

§33-11-5(b)(2) West Virginia Code states that any disapproval of a policy shall be deemed unreasonable if it is not based solely on reasonable standards uniformly applied relating to the extent of coverage required and the financial soundness and the services of the insurer. Such standards shall not discriminate against any particular type of insurer, nor shall such standards call for the disapproval of an insurance policy because such policy contains coverage in addition to that required. The mere fact that an insurer is not rated by A. M. Best and Company does not necessarily indicate that an insurer is financially unsound.

Therefore, a lienholder who refuses to accept an insurer's policy because of the absence of a Best's rating, without further consideration of the insurer's financial soundness, has unreasonably disapproved such policy and would be in violation of the above captioned statute.

If your company is aware of any lienholders who appear to be in violation of §33-11-5(b)(2), please notify this office in writing and such allegations will be investigated.

Fred E. Wright  
Insurance Commissioner of  
the State of West Virginia